§ 2116-c. Audit committees. 1. Every school district, except those employing fewer than eight teachers, shall establish by a resolution of the trustees or board of education an audit committee to oversee and report to the trustees or board on the annual audit of the district records as required by section twenty-one hundred sixteen-a of this article.

2. The audit committee shall be established no later than January first, two thousand six as a committee of the trustees or board, as an advisory committee, or as a committee of the whole. An advisory committee may include, or be composed entirely of persons other than trustees or members of the board if, in the opinion of the trustees or board, such membership is advisable to provide accounting and auditing expertise.

3. The audit committee shall consist of at least three members, who shall serve without compensation. Committee members shall be reimbursed for any actual and necessary expenditures incurred in relation to attendance at meetings. Employees of the school district are prohibited from serving on the audit committee. A member of an audit committee shall be deemed a school district officer for the purposes of sections thirty-eight hundred eleven through thirty-eight hundred thirteen of this chapter, but shall not be required to be a resident of the school district.

4. The role of an audit committee shall be advisory and any recommendations it provides to the trustees or board under subdivisions five and six of this section shall not substitute for any required review and acceptance by the trustees or board of education. If required by a regulation adopted by the commissioner, the annual audit report prepared by an independent certified public accountant or an independent public accountant shall not be deemed final until accepted by a resolution adopted by the trustees or board of education.

5. It shall be the responsibility of the audit committee to:

(a) provide recommendations regarding the appointment of the external auditor for the district;

(b) meet with the external auditor prior to commencement of the audit;

(c) review and discuss with the external auditor any risk assessment of the district's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards if applicable;

(d) receive and review the draft annual audit report and accompanying draft management letter and, working directly with the external auditor, assist the trustees or board of education in interpreting such documents;

(e) make a recommendation to the trustees or board of education on accepting the annual audit report; and

(f) review every corrective action plan to be developed by a school district as required by section twenty-one hundred sixteen-a of this article and assist the trustees or board of education in the implementation of such plan.

6. In addition, it shall be the responsibility of the audit committee to assist in the oversight of the internal audit function required by section twenty-one hundred sixteen-b of this article, including, but not limited to, providing recommendations regarding the appointment of the internal auditor for the school district, the review of significant findings and recommendations of the internal auditor, monitoring of the school district's implementation of such recommendations, and the evaluation of the performance of the internal audit function.

7. Notwithstanding any provision of article seven of the public officers law or any other law to the contrary, a school district audit committee may conduct an executive session pursuant to section one hundred five of the public officers law pertaining to any matter set forth in paragraphs b, c, and d of subdivision five of this section. Any trustee or member of the board of education who is not a member of such audit committee may be allowed to attend an audit committee meeting if authorized by a resolution of the trustees or board of education.

8. The commissioner is authorized to promulgate regulations with respect to audit committees as is necessary for the proper performance of their duties.

9. As long as the chancellor of a school district in a city having a population of one million or more inhabitants shall annually certify to the commissioner that such district has a process for review by an audit committee of the district's annual audit that meets or exceeds the requirements of this section, the provisions of this section shall not apply to such school district.